

the  
George  
Washington  
University  
annual  
report  
1974



international  
aspects



## President's Message

Last year on these pages I reported to you on the subject of the George Washington University's commitment to the city of Washington, D. C. This commitment continues. Every day I am proud to see its beneficial result embodied in the programs and the people that link the university and the city.

This year, because of some recent developments at the university, it seems appropriate to enlarge on another aspect of GW's commitments. I am speaking of the university's position as an international center.

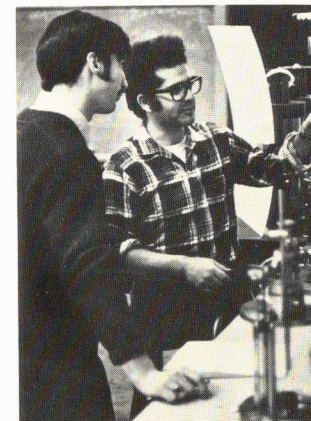
This role is not a new one to the university. Foreign students have attended our classes and faculty members have taught in other lands for many years now. But an exciting new program involving the university and the Ministry of Science and Higher Education of the Government of Iran seems to me a focal point in the kind of varied and worldwide activities in which the George Washington University is involved.

Late in the spring I traveled to Iran to present on behalf of the university the honorary degree of doctor of public service to His Imperial Majesty Mohammad Reza Pahlavi, Aryamehr, Shahanshah of Iran. This was not the first time that the university had conferred an honorary degree on a reigning monarch: the kings of Morocco, Siam, and the Belgians had been so honored. The occasion marked the first time, however, that an honorary degree from the George Washington University had been presented on foreign soil.

In Iran, where I visited a number of universities and medical centers and conferred with several of the country's leaders in higher education, I was struck by the dedication and vitality of a people who are determined to bring their nation into the ranks of the most advanced countries of the twentieth century. Many of the nation's areas of concern are uniquely theirs, such as the nomadic sheep herders who cross the country seasonally in search of grazing land. Other problems are parallel to those of America in 1974—how to

provide first-class medical care for rural areas when young physicians are attracted to the cities. But the evidence of dedication to learning is at hand in many ways. Perhaps the most touching I saw was that of school children in Isfahan studying late at night beneath street lamps because their homes lacked electricity.

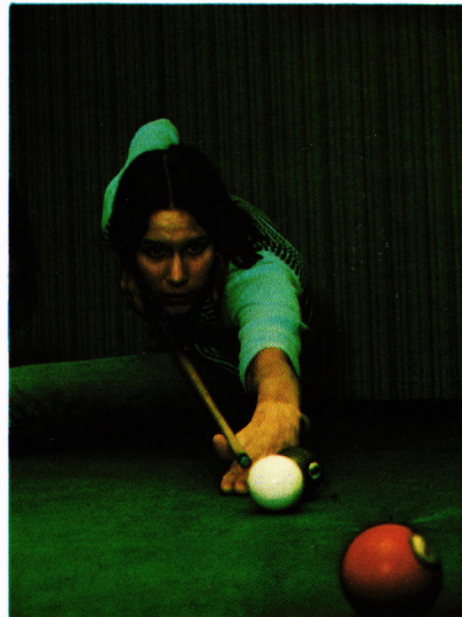
This new relationship between the university and the government of Iran, described on other pages of this report, is one of many international aspects of the George Washington University. And it is one also that, to me, typifies the endless continuity of learning. As inheritors of the civilization of





Darius and Xerxes, we are now able to return to Persia bringing with us the new knowledge that will brighten the way for this generation's sons and daughters.

Lloyd H. Elliott  
President  
The George Washington University





## International Aspects

### The Report of the George Washington University 1973-74

#### ... with a sense of mission

The George Washington University was born with a sense of world mission. From the first, in the person and spirit of its founder Luther Rice, there has been at this university an impulse that reaches to the root meanings of the word "mission" -- the act of sending. In the case of Luther Rice it was the questing spirit that sent him to far-flung posts in India and South America in the early 1800's to act out the Baptist belief in the joint importance of mission and education. And from the first the scale was a world scale. To this day, this sense of the importance of "sending" forth to other nations



is still a living part of the mission of the George Washington University.

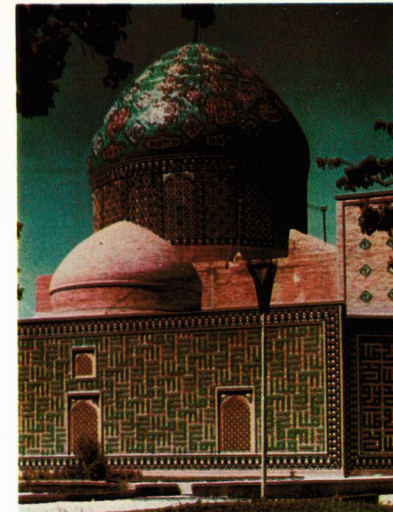
This report is not a comprehensive picture of the university's involvements on the international scene. Rather it selects from the many relationships that the university has in a variety of forms—research programs, study abroad, special seminars—on an international basis.

Its very setting gives the George Washington University an opportunity for an international viewpoint. To the south of the campus there is the World Health Building and the Department of State, to the east there is the World Bank and the International Monetary Fund, and to the north begins the area roughly designated as "Embassy Row." Washington, D. C., invites internationalism and the university responds.

#### ... a project with Iran

This year the international aspect of the university is much to the fore because of a project—the largest international one in its history—in which the George Washington University has participated. On June 5, 1974, the university presented to His Imperial Majesty Mohammad Reza Pahlavi, Aryamehr, Shahanshah of Iran, the honorary degree of doctor of public service. At the ceremony at the Imperial Palace in Tehran, President Lloyd H. Elliott conferred the degree with Chairman of the Board Charles E. Phillips and Dr. Phillip D. Grub, professor of business administration.

The Shah, one of the twentieth century's most remarkable rulers, was praised in the accompanying citation for his efforts at bringing Iran "to the ranks of the foremost nations of our time." In his response the Shah spoke of his pleasure at receiving this degree from "such a renowned academic institution as George Washington University." He added that Iran







would do "all in our power to help poor countries near and far develop their resources and have a decent standard of living."

This ceremony in the capital of Iran signaled the beginning of a program of cooperation between the Ministry of Science and Higher Education of the Imperial Government of Iran and the George Washington University. The project calls for action in a number of areas including:

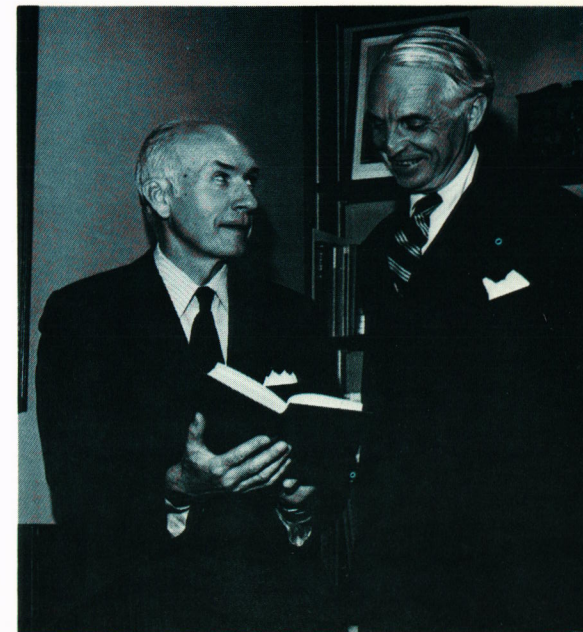
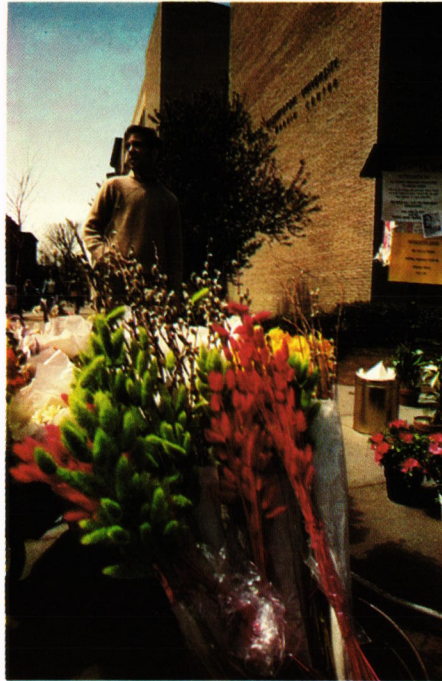
1. acceptance of qualified Iranian students in GW programs and the creation of new programs for them;
2. the training of future teachers for Iran;
3. curriculum improvement in certain areas in





Iranian universities through exchanges, counseling, and special programs; and 4. an advisory role in the development of a new postgraduate university in Iran. In addition the university and the government of Iran have established the Aryamehr Chair in Multinational Management within the university's School of Government and Business. Dr. Grub, who heads the program as special assistant to the president for international programs, will occupy the chair.

In an informal meeting after the ceremony President Elliott reminded the Shah of the long association that Iranian students have had with the university. The first came from what was then called Persia to GW in 1916. George Washington University was also in the forefront in recognizing the special importance and particular needs of international students. It appointed an advisor to foreign students in 1929. Today out of a student body of some 15,000 approximately 1,100 are international students. In fact, the George Washington University can boast that of the 130 nations that are members at the U.N., 103 are represented also at GW.





### ... the international student at GW

What are these international students doing? Here are some representative activities. The department of pharmacology in the School of Medicine and Health Sciences is conducting a training program for the first phase of training of Pakistani medical officers who will head that country's provincial drug abuse treatment programs. Funded by HEW, the training program has been designed to provide a perspective on the medical and psycho-social aspects of drug abuse with particular reference to opium, hashish, and coca, and an extensive overview of national and international policies with respect to the regulation of these drugs. The program reviews each of the components for their relevance to the social, cultural, political, and economic situations in Pakistan.

The university's National Law Center has tailored a program of study specifically for the needs of trainees from Afghanistan. Its emphasis is on specialized seminars, individualized training, and practical experience, and, in addition, the trainees attend a few courses at the Law School in the field which the program emphasizes.

And as a preliminary step to the university's program with Iran, a group of Iranian students is following a specially arranged two-year program in computer science in the School of Engineering and Applied Science.

## Letter of Transmittal

September 26, 1974

To the President and the Board of Trustees  
The George Washington University  
Washington, D.C.

Gentlemen:

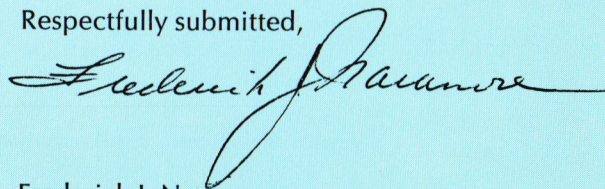
Submitted herewith are the Financial Statements of The George Washington University for the year ended June 30, 1974. The statements include a report of the financial condition of the University at June 30, 1974 (Balance Sheet—Exhibit A) and summaries of financial activities for the year then ended (Statement of Changes in Fund Balances—Exhibit B).

Certain changes were made in the financial statements to conform to the recommendations contained in the guide for colleges and universities issued by the American Institute of Certified Public Accountants in 1973. With respect to The George Washington University, the changes relate solely to account classifications and reporting formats in presenting financial activities.

Price Waterhouse & Co. has examined the financial statements of the University for the past year and its report is submitted herewith.

A condensed summary highlighting certain financial information is presented on the succeeding pages followed by the Financial Statements and the report of Price Waterhouse & Co.

Respectfully submitted,



Frederick J. Naramore  
Comptroller



## Condensed Summary

**General** Total assets of all funds of the University amounted to \$206,371,233 at June 30, 1974, an increase of \$8,519,301 or 4.3% over the previous year. Major fund groups increased during the year by the following amounts and percentages:

	Amount	Per Cent of Growth
Current Funds .....	\$ 14,884	0.1
Loan Funds .....	685,636	11.0
Endowment Funds ..	543,862	4.4
Plant Funds .....	7,274,919	4.8
	<u>\$8,519,301</u>	<u>4.3</u>

**Gifts** Total gifts received during the year amounting to \$3,080,034 reflected a net increase of \$555,926 or 22.0% from the total gifts received for the year ended June 30, 1973. A summary of the gifts received for the years ended June 30, 1974 and 1973 is as follows:

	1974	1973
Current Funds		
Unrestricted .....	\$ 407,382	\$ 337,877
Restricted .....	522,595	658,986
Loan Funds .....	50,833	124,048
Endowment Funds ...	734,184	354,459
Plant Funds .....	1,365,040	1,048,738
	<u>\$3,080,034</u>	<u>\$2,524,108</u>

**Current Funds** At June 30, 1974, Current Fund assets amounted to \$26,959,456. Included in the assets are \$2,233,447 in net advances made to Plant Funds as interim financing for construction projects. The advances are of a temporary nature and are in general to be repaid from the proceeds of government grants, mortgage loans and gifts.

Current revenues for the year amounted to \$96,142,663, an increase of \$8,341,373 or 9.5% over the year ended June 30, 1973, and current expenses amounted to \$91,580,637, an increase of \$12,074,305 or 15.2% over the same period. After capital expenditures of \$5,706,808 and transfers of \$122,341 to other funds, Current Fund balances were reduced by \$1,267,123 and totaled \$16,257,383 at year end.

Restricted funds provided \$15,107,202 of the total \$97,409,786 in funds used for expenses, capital expenditures and transfers.

**Loan Funds** Loan Funds are provided by gifts to the University, by deposits from the federal government under provisions of the National Direct Student Loans and other legislation, and by amounts transferred from the University Current Funds. These funds are administered by the University and made available to qualified students. During the year, 1,558 students received loans totaling \$1,308,165 for educational purposes. At year end the loans receivable amounted to \$6,434,975 representing an increase of \$785,687 or 13.9% over the loans receivable at June 30, 1973.

**Endowment and Similar Funds** The principal of Endowment Funds, which includes Funds Functioning as Endowments, amounted to \$13,014,691 which included investments recorded at \$12,280,223 with a market value of \$13,760,276 at June 30, 1974. A summary of the Endowment Fund investments is as follows:

	Book Value	
	Amount	%
Bonds		
Government .....	\$ 354,000	2.9
Other .....	2,755,852	22.5
Stocks		
Preferred .....	249,802	2.0
Common .....	8,920,569	72.6
Total .....	<u>\$12,280,223</u>	<u>100.0</u>
	Market Value	
	Amount	%
Bonds		
Government .....	\$ 334,300	2.4
Other .....	2,095,950	15.2
Stocks		
Preferred .....	241,800	1.8
Common .....	11,088,226	80.6
Total .....	<u>\$13,760,276</u>	<u>100.0</u>

In addition to the above investments, assets of the Endowment Funds included cash, real estate, trust notes and Funds Held in Trust by Others totaling \$734,468.

"Consolidated Endowment Funds" consisted of 232 individual endowments with a total value of \$10,565,914 at June 30, 1974. The assets of the Consolidated Endowment Funds are combined to eliminate the possibility of partial or total loss of any fund through the failure of a specific investment, to avoid temporary suspension of income and the carrying of small uninvested cash balances, and to give equality of treatment to all funds. Unless otherwise restricted by the donors, the assets of all new endowments are added to the assets of the Consolidated Endowment Funds. Earnings of Consolidated Endowment Funds are accumulated in a common income account and



distributed annually to the individual funds on the basis of the participating units originally assigned to each fund. The value of a unit at June 30, 1974, and the income earned per unit during 1974, compared with similar amounts for the preceding year were:

	1974	1973
Market Value per Unit . . . .	\$11.91	\$13.94
Income per Unit . . . . .	\$5384	\$5249

Endowments also included certain funds totaling \$1,912,254 which are separately invested, and Funds Held in Trust by Others in the amount of \$536,523.

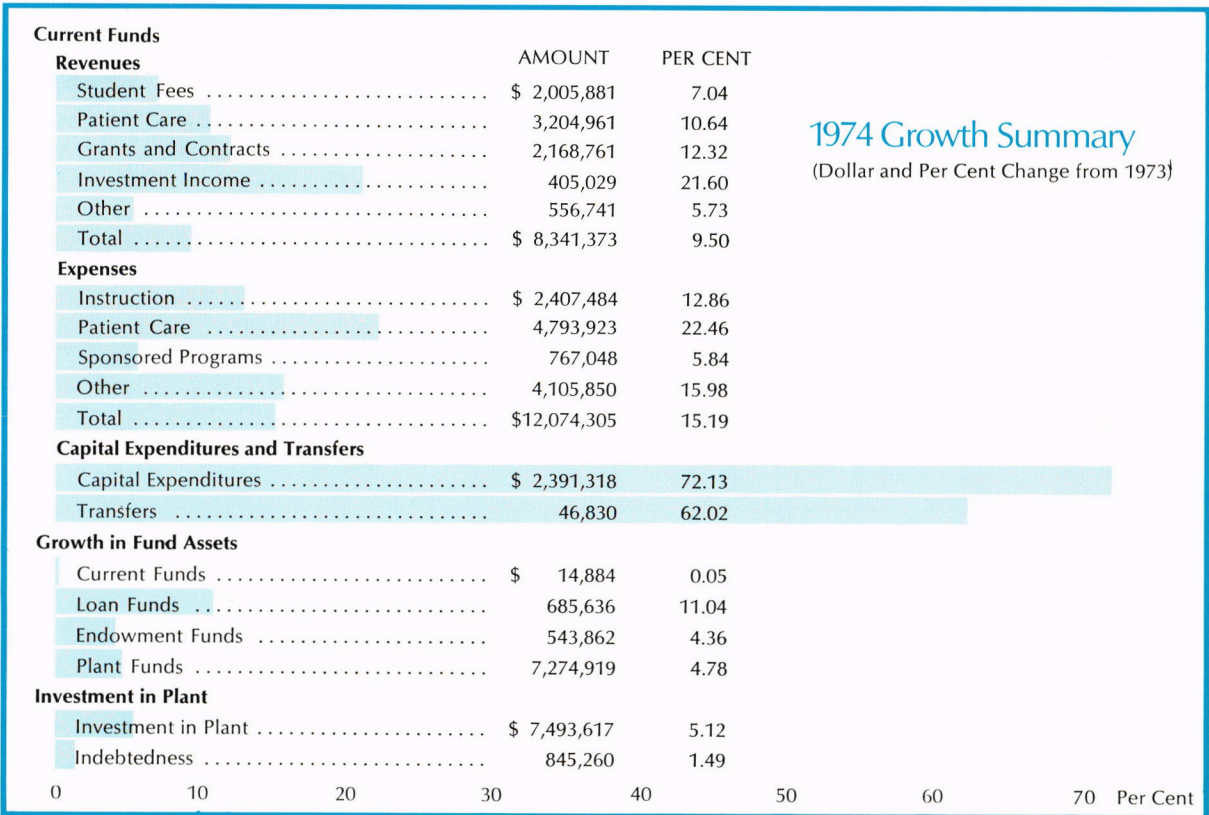
Under the terms of wills, deeds of gift, or the by-laws of the University, principal balances of Endowment Funds are held for income-producing purposes. The principal balances of the Endowment Funds at June 30, 1974 and 1973 are summarized by purpose as follows:

	1974	1973
Unrestricted . . . . .	\$ 947,065	\$ 899,216
Restricted		
Fellowships . . . . .	712,537	705,507
Professorships ..	2,472,225	1,905,949
Schools . . . . .	4,361,708	4,347,954
Hospital . . . . .	1,630,472	1,630,472
Scholarships . . . .	2,002,937	1,997,844
Prizes . . . . .	100,067	93,174
Building and Equipment ...	120,896	115,846
Libraries and Books . . . . .	225,963	193,108
	<u>12,573,870</u>	<u>11,889,070</u>
Reserves for Protection of Investments ..	440,821	581,759
	<u>\$13,014,691</u>	<u>\$12,470,829</u>

**Plant Funds** The increase of \$7,274,919 in Plant Fund assets is composed of \$7,493,617 in net additions to physical properties, a decrease of \$313,963 in cash, receivables and investments, and a \$95,265 increase in Funds Deposited with Trustees.

At June 30, 1974, Unexpended Building Funds amounted to \$4,680,732. These funds, together with \$1,411,872 included in the Designated Current Fund Balances, represent resources totaling \$6,092,604 available for the following:

	Designated Current Fund Balances	Unexpended Building Funds
Charles E. Smith Center ...	\$ 9,577	\$ 2,505
Duncan Cardiac Research . . . . .		580,778
H. B. Burns Memorial Clinic ...		228,420
Hospital . . . . .		1,506,330
Marvin Center . . . .		1,822,245
Other . . . . .	1,402,295	540,454
	<u>\$1,411,872</u>	<u>\$4,680,732</u>





# Balance Sheet THE GEORGE WASHINGTON UNIVERSITY

Assets	JUNE 30, 1974		JUNE 30, 1973*	
<b>Current Funds</b>				
Cash .....		\$ 1,014,170		\$ 63,971
Investments (Note 1) (Approximates market) .....		5,260,519		8,266,691
Accounts Receivable				
Contracts .....	\$ 3,305,631		\$ 741,704	
Hospital and Clinic, less \$4,298,000 in 1974 and \$3,032,000 in 1973 for doubtful accounts .....	11,676,082		9,558,532	
Other .....	1,644,838	16,626,551	1,444,662	11,744,898
Temporary Advances to Plant Funds (Note 2) .....		2,233,447		5,346,450
Inventory and Prepaid Expenses .....		1,824,769		1,522,562
		<u>\$ 26,959,456</u>		<u>\$ 26,944,572</u>
<b>Loan Funds</b>				
Cash .....		\$ 359,131		\$ 434,182
Investments (Note 1) (Approximates market) .....		100,000		125,000
Loans Receivable .....		6,434,975		5,649,288
		<u>\$ 6,894,106</u>		<u>\$ 6,208,470</u>
<b>Endowment and Similar Funds (Note 4)</b>				
Cash .....	\$ 12,061		\$ 8,006	
Due from Brokers .....	31,644			
Investments (Note 1) (Approximate market value \$13,760,000 in 1974 and \$15,370,000 in 1973) .....	12,280,223		11,760,844	
Real Estate .....	129,170		133,104	
Trust Notes Receivable .....	25,070	\$ 12,478,168	32,352	\$ 11,934,306
Funds Held in Trust by Others .....		536,523		536,523
		<u>\$ 13,014,691</u>		<u>\$ 12,470,829</u>
<b>Plant Funds</b>				
Cash .....		\$ 94,890		\$ 17,665
Accounts Receivable .....		523,205		
Investments (Note 1) (Approximate market value \$4,000,000 in 1974 and \$5,170,000 in 1973) .....		4,062,637		4,977,030
Funds Deposited with Trustees (Note 5) .....		955,130		859,865
Physical Properties (Note 6)				
Land and Buildings .....	\$134,590,805		\$127,918,712	
Equipment .....	19,276,313	153,867,118	18,454,789	146,373,501
		<u>\$159,502,980</u>		<u>\$152,228,061</u>

\*Certain amounts in 1973 are reclassified to conform with 1974's presentation.



Liabilities and Fund Balances	JUNE 30, 1974		JUNE 30, 1973*	
<b>Current Funds</b>				
Accounts Payable and Accrued Expenses .....		\$ 4,379,830		\$ 3,796,465
Provision for Settlements (Note 3) .....		1,195,657		1,341,384
Deferred Income				
Tuition and Other Deposits .....	\$ 3,693,670		\$ 3,019,443	
Grant and Contract Prepayments .....	1,432,916	5,126,586	1,262,774	4,282,217
Fund Balances				
Restricted .....	1,947,996		1,637,157	
Designated .....	12,277,098		12,922,108	
Other .....	2,032,289	16,257,383	2,965,241	17,524,506
		<u>\$ 26,959,456</u>		<u>\$ 26,944,572</u>
<b>Loan Funds</b>				
Federal Loan Programs .....		\$ 6,428,975		\$ 5,760,764
University Loan Funds .....		465,131		447,706
		<u>\$ 6,894,106</u>		<u>\$ 6,208,470</u>
<b>Endowment and Similar Funds</b>				
Endowment Funds .....		\$ 10,678,673		\$ 10,208,261
Funds Functioning as Endowments .....		2,336,018		2,262,568
		<u>\$ 13,014,691</u>		<u>\$ 12,470,829</u>
<b>Plant Funds</b>				
Accounts Payable and Accrued Expenses .....		\$ 1,492,797		\$ 2,322,248
Temporary Advances from Current Funds (Note 2) .....		2,233,447		5,346,450
Bonds and Notes Payable (including amounts due within one year of \$1,184,000 in 1974 and \$950,000 in 1973) (Note 7) .....		54,016,329		49,228,615
Unexpended Plant Funds				
Reserves for Repairs, Maintenance and Debt Service .....	\$ 955,130		\$ 859,865	
Building Funds .....	4,680,732	5,635,862	4,994,695	5,854,560
Net Investment in Plant (Note 8) .....		96,124,545		89,476,188
		<u>\$159,502,980</u>		<u>\$152,228,061</u>



## Statement of Changes in Fund Balances

THE GEORGE WASHINGTON UNIVERSITY  
FOR THE YEAR ENDED JUNE 30, 1974

CURRENT FUNDS	University		
	Unrestricted	Restricted	Total
<b>Current Revenues</b>			
Student Fees .....	\$27,910,910		\$27,910,910
Patient Care .....			
Grants and Contracts			
Program Funds .....		\$ 8,667,037	8,667,037
Indirect Cost Recoveries .....	1,353,311		1,353,311
Gifts and Bequests .....	287,645	295,995	583,640
Investment Income			
Endowment Funds .....	61,061	334,200	395,261
Temporary Investments .....	1,248,084	2,067	1,250,151
Investment Properties—Net .....	357,827		357,827
Auxiliary Enterprises .....	8,048,127		8,048,127
Other .....	968,678	136,946	1,105,624
<b>Total Current Revenues .....</b>	<b>40,235,643</b>	<b>9,436,245</b>	<b>49,671,888</b>
<b>Current Expenses</b>			
Administration and General .....	3,892,704		3,892,704
Student Services .....	1,460,560		1,460,560
Instruction and Departmental Programs ....	16,605,730	478,691	17,084,421
Patient Care (Direct Activities) .....			
Sponsored Programs (Direct Activities) ....		8,544,591	8,544,591
Libraries .....	1,345,626	75,600	1,421,226
Student Aid .....	1,331,656	212,327	1,543,983
Maintenance and Operation of Plant .....	4,141,734	1,121	4,142,855
Auxiliary Enterprises .....	7,271,171		7,271,171
Other .....	642,541	2,700	645,241
Sub Total	36,691,722	9,315,030	46,006,752
Less Equipment Purchases Included Above .	79,647	226,473	306,120
<b>Total Current Expenses .....</b>	<b>36,612,075</b>	<b>9,088,557</b>	<b>45,700,632</b>
<b>Capital Expenditures</b>			
Loan Principal Reductions .....	540,312		540,312
Plant and Equipment Additions .....	3,591,603	226,473	3,818,076
<b>Total Capital Expenditures .....</b>	<b>4,131,915</b>	<b>226,473</b>	<b>4,358,388</b>
<b>Interfund Transfers—out (in)</b>			
Mandatory .....	116,703		116,703
Other .....	75,180	(41,556)	33,624
<b>Total Interfund Transfers .....</b>	<b>191,883</b>	<b>(41,556)</b>	<b>150,327</b>
<b>Net Increase (Decrease) in Fund Balances .....</b>	<b>(700,230)</b>	<b>162,771</b>	<b>(537,459)</b>
<b>Fund Balances—Beginning .....</b>	<b>10,294,842</b>	<b>1,007,020</b>	<b>11,301,862</b>
<b>Fund Balances—Ending .....</b>	<b>\$ 9,594,612</b>	<b>\$ 1,169,791</b>	<b>\$10,764,403</b>

\*Certain amounts in 1973 are reclassified to conform with 1974's presentation.



Medical Center			Total	
Unrestricted	Restricted	Total	1974	1973*
\$ 2,584,941		\$ 2,584,941	\$30,495,851	\$28,489,970
33,317,330		33,317,330	33,317,330	30,112,369
3,180,617	\$ 5,435,423	8,616,040	17,283,077	15,007,816
1,141,102		1,141,102	2,494,413	2,600,913
119,737	226,600	346,337	929,977	996,863
	270,650	270,650	665,911	618,788
	5,887	5,887	1,256,038	803,901
			357,827	452,058
			8,048,127	7,874,387
145,252	43,236	188,488	1,294,112	844,225
40,488,979	5,981,796	46,470,775	96,142,663	87,801,290
5,939,840		5,939,840	9,832,544	7,860,890
152,082		152,082	1,612,642	1,392,594
3,751,275	286,612	4,037,887	21,122,308	18,714,824
26,063,215	75,397	26,138,612	26,138,612	21,344,689
	5,366,964	5,366,964	13,911,555	13,144,507
324,026		324,026	1,745,252	1,330,715
5,285	132,284	137,569	1,681,552	1,658,210
4,643,311		4,643,311	8,786,166	7,442,554
			7,271,171	6,945,503
14,471	1,904	16,375	661,616	608,607
40,893,505	5,863,161	46,756,666	92,763,418	80,443,093
286,819	589,842	876,661	1,182,781	936,761
40,606,686	5,273,319	45,880,005	91,580,637	79,506,332
			540,312	1,304,869
758,578	589,842	1,348,420	5,166,496	2,010,621
758,578	589,842	1,348,420	5,706,808	3,315,490
21,180		21,180	137,883	85,398
(19,733)	(29,433)	(49,166)	(15,542)	(9,887)
1,447	(29,433)	(27,986)	122,341	75,511
(877,732)	148,068	(729,664)	(1,267,123)	4,903,957
5,592,507	630,137	6,222,644	17,524,506	12,620,549
\$ 4,714,775	\$ 778,205	\$ 5,492,980	\$16,257,383	\$17,524,506



# Statement of Changes in Fund Balances

THE GEORGE WASHINGTON UNIVERSITY  
FOR THE YEAR ENDED JUNE 30, 1974

	Loan Funds			
	University	Medical Center	Total 1974	Total 1973*
<b>Fund Additions</b>				
Grants and Contracts—Program Funds ...	\$ 436,534	\$ 189,886	\$ 626,420	\$ 535,962
Gifts and Bequests .....	18,341	32,492	50,833	124,048
Investment Income				
Endowment Funds .....				
Temporary Investments .....				
Gains on Sales .....				
Interest on Loans .....	48,347	21,155	69,502	57,031
Other .....				
Total Fund Additions .....	503,222	243,533	746,755	717,041
<b>Fund Reductions</b>				
Loans Cancelled .....	56,092	12,810	68,902	57,102
Other .....	1,500		1,500	
Total Fund Reductions .....	57,592	12,810	70,402	57,102
<b>Capital Expenditures</b>				
Loan Principal Reductions .....				
Plant and Equipment Additions .....				
Total Capital Expenditures .....				
<b>Interfund Transfers—out (in)</b>				
Mandatory .....	(24,603)	(21,180)	(45,783)	(34,398)
Other .....		36,500	36,500	
Total Interfund Transfers .....	(24,603)	15,320	(9,283)	(34,398)
<b>Net Additions (Reductions) To Fund Balances</b>	470,233	215,403	685,636	694,337
<b>Fund Balances—Beginning</b> .....	4,184,516	2,023,954	6,208,470	5,514,133
<b>Fund Balances—Ending</b> .....	\$4,654,749	\$2,239,357	\$6,894,106	\$6,208,470

\*Certain amounts in 1973 are reclassified to conform with 1974's presentation.



## Endowment and Similar Funds

University	Medical Center	Total	
		1974	1973*
\$ 120,378	\$ 613,806	\$ 734,184	\$ 354,459
2,420	5,760	8,180	9,002
(80,442)	(118,893)	(199,335)	349,696
42,356	500,673	543,029	713,157

## Unexpended Plant Funds

University	Medical Center	Total 1974	1973*
\$ 452,429	\$1,070,893	\$1,523,322	\$5,946,931
791,653	573,387	1,365,040	1,048,738
162,629	220,143	382,772	252,274
(14,093)	(721)	(14,814)	51,331
1,500	3,337	4,837	1,766,175
1,394,118	1,867,039	3,261,157	9,065,449
3,000		3,000	3,000
3,000		3,000	3,000
112,365		112,365	120,200
1,153,105	2,323,610	3,476,715	9,142,243
1,265,470	2,323,610	3,589,080	9,262,443
(92,100)		(92,100)	(51,000)
(32,791)	12,666	(20,125)	9,887
(124,891)	12,666	(112,225)	(41,113)
250,539	(469,237)	(218,698)	(158,881)
3,023,234	2,831,326	5,854,560	6,013,441
\$3,273,773	\$2,362,089	\$5,635,862	\$5,854,560

Exhibit B



# Notes to the Financial Statements

FOR THE YEAR ENDED  
JUNE 30, 1974

**Accounting Policies** The financial statements of the University are prepared on an accrual basis of accounting: income is reported as earned; expenses are reported as incurred. Accounts are maintained for each distinct fund when required by the terms of a gift, grant or contract, or when desired for purposes of internal designation. Similar funds are aggregated to the principal fund groups for purposes of financial statement presentation.

Income earned, not yet received, is included as current period income. Gifts and bequests are reported as received although such funds may not be available until future periods in accordance with the terms of the gift. Prepayments under grants and contracts, advance deposits for tuition, dormitory rooms, and the like, are deferred until relevant costs are incurred or services furnished.

Expenditures are reported as incurred with liabilities established for unpaid expenses applicable to the current reporting period. Payments applicable to future periods are deferred as prepaid expenses. Payments for capital purposes, such as the reduction of outstanding loans or the additions to plant and equipment accounts, are separated from other expense classifications for reporting purposes. Depreciation accounting is not provided in the University accounts, except for

Hospital buildings and equipment.

The financial statements for 1973 have been reclassified to conform with the recommendations contained in the guide for colleges and universities issued by the American Institute of Certified Public Accountants.

**Note 1** Valuation of Investments—Investments are stated at cost or fair market value at date of acquisition.

**Note 2** Temporary Advances—These advances represent the temporary use of Current Funds pending the receipt of monies from previously negotiated grant and loan agreements and the receipt of pledged gifts from various donors. Interest is charged to the projects for the temporary use of funds at rates prevailing for similar types of financing arrangements. Temporary advances at June 30, 1974 and 1973 are as follows:

	1974	1973
Ross Hall and Himmelfarb Library .....	\$2,144,534	\$1,220,351
Hospital .....	42,674	
Ceramics Laboratory	26,177	
University Library ..		4,092,505
Jacob Burns Law Library .....		26,755
Other .....	20,062	6,839
	<u>\$2,233,447</u>	<u>\$5,346,450</u>

**Note 3** Provisions for Group Contract Settlements—Hospital charges paid under patient care group contracts are subject to audit and retroactive settlements by third party payors. Estimates for the 1974 and 1973 settlements under these agreements have been provided.

**Note 4** Endowment and Similar Funds—Endowment Funds, excluding Funds Held in Trust by Others, had book values at June 30, 1974 and 1973 of \$12,478,168 and \$11,934,306, and market values of \$13,958,222 and \$15,545,907, respectively. These funds include 4 funds which are separately invested and 232 funds which are invested on a pooled basis. A summary of book and market values, as of June 30, 1974 and 1973, together with unit value information and earnings per unit in the Consolidated Endowment Funds is presented below:

	1974	1973
Separately Invested Funds		
Book Value ....	\$ 1,912,254	\$ 1,962,651
Unrealized Gains	357,684	674,550
Market Value .	<u>\$ 2,269,938</u>	<u>\$ 2,637,201</u>
Consolidated Endowment Funds		
Book Value ....	\$10,565,914	\$ 9,971,655
Unrealized Gains	1,122,370	2,937,051
Market Value .	<u>\$11,688,284</u>	<u>\$12,908,706</u>
Unit Values		
Number of Units	<u>981,774</u>	<u>926,128</u>
Book Value ....	\$ 10.77	\$ 10.77
Unrealized Gains	1.14	3.17
Market Value .	<u>\$ 11.91</u>	<u>\$ 13.94</u>
Earnings Per Unit .....	<u>\$ .5384</u>	<u>\$ .5249</u>

**Note 5** Repairs, Maintenance and Debt Service Reserves—Under the Trust Indenture of The George Washington University Dormitory-Dining Hall Bonds of 1963, as amended on June 11, 1969, the University is required to maintain a "Bond and Interest Sinking Fund Account" in the amount of \$350,400.

In addition, the University is required to deposit in a "Repair and Replacement Reserve Account" an amount annually not to exceed \$74,500 until the reserve totals \$745,000.

Under Trust Indentures of the Academic Building Bonds of 1967, the Law Library Building Bonds of 1968 and the Academic Building Bonds of 1969, the University is required to deposit, by each October 15 and April 15, in "Bond and Interest Accounts" such amounts as are necessary to pay principal and interest due on the next interest payment date. In addition, the University must make annual deposits towards "Debt Service Reserves" to an aggregate of \$189,000 by November, 1974.

Pursuant to the above requirements, \$955,130 and \$859,865 were on deposit with the trustees at June 30, 1974 and 1973.

**Note 6** Valuation of Physical Properties—Land, buildings and equipment are stated at cost or appraised values, except that Hospital buildings and equipment are depreciated on a straight line life basis of fifty and ten years respectively. Asset values and related depreciation reserves are stated below for the years ended June 30, 1974 and 1973:

	1974	1973
Hospital Buildings .	\$19,781,637	\$19,138,458
Less Depreciation Reserve .	3,899,357	3,544,982
	<u>\$15,882,280</u>	<u>\$15,593,476</u>
Hospital Equipment	\$ 6,109,250	\$ 7,088,240
Less Depreciation Reserve .	2,028,091	4,093,868
	<u>\$ 4,081,159</u>	<u>\$ 2,994,372</u>



Effective with the year ended June 30, 1974, equipment values and related depreciation reserves in the University accounts were reduced for equipment owned by the University for fifteen years or more and by the Hospital for ten years or more. Of the total \$2,230,381 in equipment retirements, net of accumulated depreciation, \$165,730 and \$292,584 are applicable to the years ended June 30, 1974 and 1973.

**Note 7** Bonds and Notes Payable—Bonds, trust notes and unsecured notes payable of the Plant Fund at June 30, 1974 and 1973 consisted of the following:

	1974	1973
Building bonds; 2½ %-3½ %, secured by certain of the University's dormitories, academic and administration buildings, maturing serially through 2002 ...	\$ 9,284,000	\$ 9,448,000
Trust notes; 2½ %-9¾ %, secured by real property, maturing with various dates through 2002 .....	44,529,815	39,483,000
Unsecured notes payable; 5%-8%, final payment due November, 1978.	202,514	297,615
	<u>\$54,016,329</u>	<u>\$49,228,615</u>

**Note 8** Net Investment In Plant—This account represents the University's net equity in physical plant and equipment owned by the University. Changes to the Net Investment In Plant account for the years ended June 30, 1974 and 1973 are as follows:

	1974	1973
Beginning Balance .....	\$89,476,188	\$79,025,687
Additions:		
Current Plant Additions ....	10,577,122	14,463,987
Reductions:		
Equipment Retirements ..	2,230,381	
Increase in Indebtedness .	845,260	3,236,445
Depreciation Charges .....	853,124	777,041
Ending Balance ...	<u>\$96,124,545</u>	<u>\$89,476,188</u>

**Note 9** Pension Plans—Full time faculty and staff are eligible for participation in the University's retirement annuity program which is administered through the TIAA/CREF insurance companies. Individual contracts issued under the plan provide for full and immediate vesting of both the University's and participants' contributions. In addition, certain retirees whose employment predated establishment of the retirement annuity program receive supplemental past service benefits which are funded on a current basis. University contributions and direct payments to retirees amounted to \$1,962,600 in 1974 and \$1,833,782 in 1973.

**Note 10** Contingencies—The University is protesting the major portion of proposed federal income tax deficiencies totaling \$355,000 on non-related business income for the three years ended June 30, 1972.

The University is a defendant in a pending civil suit. In the opinion of legal counsel, the University has a good defense to the claim not covered by insurance.

### Accountants' Report

To the President and the  
Board of Trustees  
The George Washington University  
Washington, D.C.

In our opinion, the accompanying financial statements (Exhibits A and B) present fairly the financial position of The George Washington University at June 30, 1974 and the changes in fund balances for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of these statements was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Price Waterhouse + Co.

Price Waterhouse & Co.  
Washington, D.C.

September 26, 1974



### **... the university all over the world**

With the Luther Rice spirit of mission, the university still goes forth to the distant points of the world.

The Population Information Program of the department of medical and public affairs in the School of Medicine and Health Sciences, for example, is engaged in a vast project for the Agency for International Development to communicate information on fertility control internationally. This project features the first computerized population information network in which many international universities will contribute information in specialized areas. The system has 7,000 abstracts of articles on contraceptives and population planning which can be typed out to a computer terminal. This past spring a portable terminal featured in the system was taken to the Philippines and a literature search demonstrated. The system will soon be demonstrated in Stockholm.

Another division of the university, the Program of Policy Studies, was also active in a similar field and also with AID support. The field site for training was Colombia, South America, for a project to develop field-tested systems for on-the-job training of auxiliary, health, and outreach field personnel for family-planning programs in less developed countries.

The university's department of geology, through a grant from the National Science Foundation, has carried on study of the geochemistry and petrology of island arc areas focusing on the southern Lesser Antilles, namely the islands of St. Vincent and Carriacou.

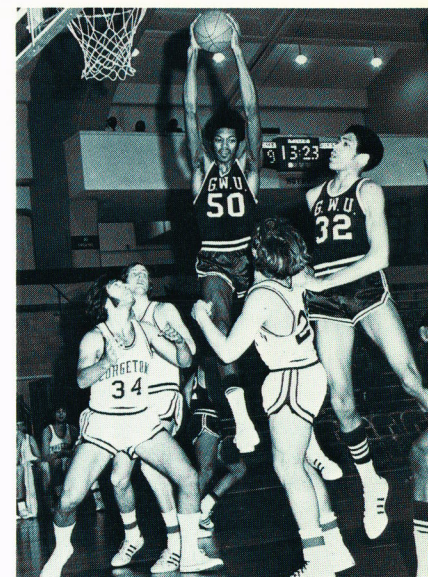
### **... our students on other shores**

George Washington University students are part of this international picture, too.

Sophomores in Columbian College may choose to take a year abroad at the American College in Paris, the only European college fully accredited by a U. S. regional accrediting organization. Selected Chinese language and literature majors who wish to perfect their language skill can plan a junior year at Tunghai University in Taichung, Taiwan.

A new project this year was the field program in Pre-Columbian Cultural Ecology in Mexico sponsored by the departments of anthropology and geography and regional science.

Other GW students were in Siena, Italy, for a College of General Studies Etruscan Art and Archaeology program which included excavation work at Etruscan tombs with lectures on excavation techniques and the conservation and restoration of artifacts. The students lived at the Villa Spanochia, headquarters of the Etruscan Foundation which offers the program along with GW's department of art.



The land of Israel and the growth of Western religions was the topic for the summer institute in Israel sponsored by George Washington and American universities in cooperation with the department of education and culture of the Jewish Agency. Featuring a week's archaeological "dig" at Meiron and travel throughout Israel, the institute examined the land and history of Israel in the growth of Judaism, Christianity, and Islam.









### ... the world at GW

International programs available within the university's School of Public and International Affairs are in the areas of Chinese language, literature, and studies; Latin American studies; Russian studies, and naturally, international affairs itself. The Institute for Sino-Soviet Studies, a part of the School of Public and International Affairs, provides interdisciplinary studies of Russia and the Soviet Union, Eastern Europe, and East Asia, and of the Communist movement within these geographic areas. In addition, the institute provides academic resources to government

specialists, members of Congress, and the public; these services are of particular importance in the nation's capital. Special cooperative arrangements exist with Princeton University and the Hoover Institution in the United States, with Japanese universities in Tokyo and Kyoto, with the Academia Sinica and the Institute of International Affairs in Taiwan, with the Arbeitsstelle für Politik Chinas und Ostasiens of the Otto Suhr Institute in Western Germany; and with the Indian School of International Relations in New Delhi.

Every year the university is the site of a number of international meetings, conferences, and symposia. Last spring, for example, more than one hundred Scandinavian scholars met here for the 64th international meeting of the Society for the Advancement of Scandinavian Study.

Today if Luther Rice were to return to the site of the university he founded there is little that would be familiar to him. There is nothing of the "College Hill" atmosphere of the 1820's on the bustling campus of the 1970's. But if he were to pick up the bulletin used by the George Washington University students of 1974 he could read the following passage among its "Purposes and Objectives":

*The University recognizes its special opportunities in and obligations to one of the principal capitals of the world. It is a primary objective of the University to utilize its historical, geographical, and functional relationship to the Nation's Capital and the Washington community in continuing the development of a great nationally and internationally oriented university.*

It is a spirit that Luther Rice would remember at once as his own.







## Gift Opportunities

The ways in which alumni and friends can assist the George Washington University to reach its future goals are immensely varied. Numerous options are available which are variations of the plans outlined below.

**I. CASH GIFTS.** These are perhaps the simplest of all gifts.

The donor's check, made payable to the George Washington University, will be used as directed and the giver will receive an immediate tax deduction for the year in which the gift was given to the school. Tax laws allow the donor to deduct the amount of his cash gift up to 50% of his adjusted gross income. If the cash gift exceeds 50% of adjusted gross income, the "excess" is deductible over the five following years—up to 50% of adjusted gross income in each carry-over year.

**II. APPRECIATED PROPERTY.** Gifts of appreciated real property such as real estate, securities, art works, etc. provide especially attractive tax benefits to the donor. Following transfer of the property to the university, it may be sold or kept for university purposes. Gifts may be kept for building funds, annual support, scholarships, etc. or for any special purpose designated by the donor. According to present tax laws, the giver would enjoy complete freedom from capital gains tax and would also see a significant reduction in his estate tax. In the case of appreciated property, the donor can claim a charitable contribution deduction on his income tax of up to 30% of adjusted gross income with the five-year carry-over provisions.

**III. SECURITIES.** Gifts to the university of long-term, appreciated securities are particularly advantageous to the donor. Some of the advantages of giving such securities include:

- A. A charitable deduction for the full current fair market value.
- B. The avoidance of capital gains tax on the appreciation.
- C. A charitable deduction of up to 30% of adjusted gross income.
- D. The fact that any "excess" deduction can be carried over for a five-year period after the gift has been made.

**IV. MATCHING GIFTS.** Many business firms sponsor aid programs which match gifts made by employees. These aid programs in some cases may double the original gift. Most personnel offices will usually have the required matching gift form which the employee should complete and send along with his gift.

**V. BEQUESTS.** Gifts by will, both large and small, have been a key factor in building this university. *Everyone*, regardless of means and responsibilities, can include GW in his will, even if only as a contingent beneficiary. (The university becomes the beneficiary in the event that the original beneficiary dies before, or at the same time as, the maker of the will.) Regardless of size, charitable bequests are not subject to estate taxes.

**VI. DEFERRED GIFTS.** Any of several forms of deferred giving plans provide the satisfaction of making a gift to GW *now*, while, at the same time, retaining for the giver an income earned by that gift.

**A. CHARITABLE REMAINDER UNITRUST.** The charitable remainder unitrust is especially valuable for those who want a greater return from highly-appreciated low-yield investments while, at the same time, making an important gift to GW. The key features of the unitrust are:

- 1. Irrevocable transfer of property to GW.
- 2. Lifetime income for donor or beneficiaries.
- 3. Annual return is a fixed percentage of the trust's fair market value revalued annually (5% to 9%).
- 4. No capital gains tax on the transfer of appreciated property to the unitrust.
- 5. Charitable contribution deduction allowed by amount of gift according to I.R.S. tables.

**B. CHARITABLE REMAINDER ANNUITY TRUST.** The principal provisions of the annuity trust are the same as for the unitrust except that instead of a variable income the donor receives a guaranteed amount each year for life—a fixed percentage of the amount of the trust when established.

**C. LIFE INSURANCE.** A gift of life insurance can assume a variety of forms:

- 1. The university can be named the beneficiary on an existing policy and policy ownership can be irrevocably assigned to the university. This method entitles the donor to an immediate tax deduction for the policy's current value.
- 2. Younger donors may wish to consider purchasing a life insurance policy naming GW as the beneficiary. Annual premiums would, of course, be tax deductible.

The generosity of George Washington's alumni and friends is vital to the continuance of the university's many educational activities. Please contact the Development Office for further information about these various giving options plus others that are available.

Office of Development  
The George Washington University  
Washington, D. C. 20006  
(202) 676-6415



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